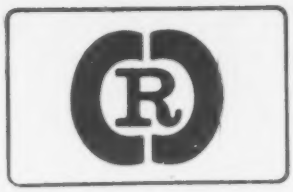

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WORKING PAPER NO. 43

Second Mortgage Survey 1981
1982

Krannert Graduate School of Management – Purdue University

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SECOND MORTGAGE SURVEY 1981

Richard L. Peterson, Marc Van Doorne and Margaret Woo*

Abstract

This report summarizes data on the 1980 second mortgage activities of National Second Mortgage Association members. Most of the data were obtained from a questionnaire mailed in 1981. In some cases supplementary data obtained from NSMA membership application and renewal forms were also incorporated in the survey. Data obtained from both sources indicate that 88 NSMA members held $8.3 billion in principal balances of outstanding second mortgages at year-end 1980. The volume of second mortgage originations, reported by 84 NSMA members, was $5.6 billion in 1980.

Overall, second mortgage loans outstanding grew by one-third in 1980. This continuation of strong growth, however, was not fueled by an increase in the number of loans made. In fact, most NSMA respondents reported making slightly fewer second mortgage loans in 1980 than in 1979. Instead, the strong growth resulted from a continued increase in average loan sizes (up by 10 to 15 percent from 1979 to 1980) plus the fact that the number of loans liquidated were substantially below the number of new loans originated.

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*The authors are, respectively, Associate Director and Research Assistants of the Credit Research Center, Krannert Graduate School of Management, Purdue University. Any errors or opinions expressed in this study are the sole responsibility of the authors, not the Credit Research Center, the National Second Mortgage Association, or Purdue University.

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While second mortgage liquidations in 1980 were substantially below new originations, the liquidation rate was surprisingly high for such long-maturity insturments. In spite of the fact that initial second mortgage maturities commonly were 80 months or more in 1980, loan liquidation rates were around 50 percent of the previous year's outstanding loans for many companies. Even after adjustment for the relatively high volume of second mortgage loan refinancings (which were 10 to 20 percent at most lenders) cash liquidations of second mortgage loans frequently ranged from 30 to 40 percent of the amount outstanding at the end of the previous year.

Loan maturity and equity requirements seemingly became somewhat more restrictive in 1980 with a most common maturity of 80 months (versus 84 months in 1979) and a most common loan-to-equity ratio of 75 percent (versus 80 percent in 1979). The tightening of credit terms may have reflected an attempt to forestall possible future credit problems.

In 1980, however, actual credit problems remained low. Foreclosures generally ranged between 0.1 and 0.2 percent of previous year's balances outstanding, and chargeoffs (at 0.1 percent) were usually somewhat lower. Meanwhile, median delinquency rates were only 1.4 percent for 60 day plus delinquencies and 0.5 percent for 60-90 day delinquencies.

Different institutions had somewhat different characteristics and different operating experiences. Mortgage bankers and depository institutions generally made the largest second mortgage loans and, relative to their average receivable, earned the lowest gross interest returns (with at least half earning less than 13 percent) and lowest gross revenues (with at least half earning less than 17.5 percent). In con-

trast more than half of the finance companies earned gross revenues in excess of 17.5 percent of receivables, and half of the nonbank affiliated consumer finance companies earned 17.3 percent or better from gross interest returns alone. At least half of the bank-affiliated consumer finance companies had a gross return greater than 17.5 percent. However, those companies generally reported lower gross interest returns than finance companies not affiliated with banks.

Because of costs of loan service and interest, coupled with generally high leverage, in 1980 half of the second mortgage lenders earned a pretax return of 15 percent or less on their stockholders' equity. However, wide variations in return existed, with mortgage bankers seemingly earning more relative to equity than other lenders. Even though mortgage bankers had the highest cost of borrowed funds, the fact that their loan service income was extremely large relative to their average receivables (and borrowed funds) allowed them to record very respectable profits on their bottom line. Additional data and comparisons among lender groups are summarized in the report.

Finally, while data reporting problems were encountered once again, the quality of the data reported in 1981 were somewhat better than in the past. Thus, the data presented in the report provide useful insights into the policies, portfolio characteristics, and operating experience of second mortgage lenders.

SECOND MORTGAGE SURVEY 1981

Richard L. Peterson, Marc Van Doorne and Margaret Woo

I. The Nature of the Study

The 1981 National Second Mortgage Association (NSMA) Survey was compiled by the Credit Research Center (CRC) of Purdue University from questionnaire data submitted by National Second Mortgage Association members from June through August of 1981. The questionnaire is presented in Appendix A. In total, 76 firms returned the questionnaire sent out by the NSMA. Seven of these firms did not make second mortgages and ten provided only scanty data. However, 59 of the responses were sufficiently detailed that all data on those questionnaires were entered into the computer for tabulation. For key calculations, such as the total amount of second mortgage loans outstanding, data from the scantily completed questionnaires were compiled by hand and added to the computerized totals. Otherwise, those data were ignored.

A second source of data was provided by John Swift of the NSMA, who provided copies of 1981 membership renewal and application forms

submitted by NSMA members. Those forms required that NSMA members provide data on the number and dollar amount of second mortgages in their loan portfolios, the number and dollar volume of second mortgage extensions in the past year, and the number of loans foreclosed in the past year. For those firms that had not completed the full questionnaire, key data were compiled by hand from the membership forms and used to supplement the computerized statistics, where appropriate.

The fact that several items of information were reported both on the questionnaire and on the membership forms allowed comparisons to be made between the two sources of data. These comparisons illustrated the fact that many of the data submitted were of questionable quality. In particular, when the five items of information reported on the questionnaire were compared to similar items of information reported on the 59 computerized questionnaires, in only three cases were all the numbers in exact agreement. Possible causes for the discrepanices include (1) the fact that in many cases the data appeared to be approximated, or rounded off (often to the nearest million) while in other cases the data were more exact, (2) the possibility that the data applied to different dates, since the questionnaire date usually applied to year-end 1980 while the membership application data may have applied to a later date, and (3) the fact that, in some cases, the membership application data appeared to apply to second mortgages only while the questionnaire data applied to a much larger quantity of receivables--which could have been the full portfolio of mortgage holding depository institutions or all consumer loans held by finance companies.

Because of problems with data quality, one must be aware that some of the following results may be misleading. The following tables were compiled from data as reported on the questionnaire--since there was less evidence that approximate data were provided from that source. However, insofar as the questionnaire data may have applied, in some cases, to a full portfolio of mortgage or consumer loans, the statistics may not apply strictly to second mortgages, per se. For that reason, "median" statistics are likely to be more useful than "average" value statistics for providing a picture of typical second mortgage lending operations. The average (or "mean") values are influenced by the behavior of all respondents, and include the influence of atypical values (except in those cases where reported values were so extreme that they were removed from the sample). In contrast, "median" values reflect the behavior of a typical respondent. Since the "median" is the midpoint value reported, half the respondents reported values equal to or greater than the median while half the respondents reported values equal to or less than the median.

In an additional attempt to ensure data quality, in many cases the number of observations reported have been reduced by various "screening techniques." In particular, delinquency data were screened so that, insofar as possible, they applied only to second mortgage portfolios. As a result, fewer reports were deemed to be acceptable for analysis, but the delinquency data were more likely to apply strictly to companies' second mortgage experience. Similarly, data on firms' financial characteristics were used only if they applied strictly to second mortgage operations, not to company operations as a whole. Finally, whenever unusually high or low data values were found, those

values were eliminated from all "average-value" computations. This fact is noted in footnotes to the tables and also in summary statistics that provide data on the "# of reporters/# of acceptable reports" for each calculation.

Overall, however, the data provided in this survey were more useful than data provided in earlier surveys. The greater number of respondents, coupled with some additional error check information, allowed bad data to be discarded more easily.

II. Respondents to the Survey

As was true in previous years, the majority of the NSMA survey respondents were consumer finance companies. Of the 69 respondents, 28 were independent finance companies and 19 were finance company subsidiaries of commercial banks and other institutions (Table 1). However, 22 questionnaire responses were also received from bank and non-bank depository institutions and mortgage bankers.

III. Loan Volumes and Holdings

Based on data provided on all questionnaires plus NSMA membership applications, the total number of second mortgage loans held by reporting NSMA members at year-end 1980 (Table 2) was 1.6 million loans with net balances outstanding of $8.3 billion. The average size of second mortgage loans held was $5,174. This figure was obtained by dividing $8.3 billion by the total number of second mortgage loans reported by the same respondents. To the extent that any respondents reported loans other than second mortgages, or large firms had smaller second mortgages outstanding, this figure will be understated relative to the "average size of second mortgage loan held per respondent"---which is reported in Table 3.

TABLE 1

NATURE OF NSMA RESPONDENTS

	Computerized Data	Other Questionnaires	Total
Independent finance companies	25	3	28
Finance company affiliate of non-bank	7		7
Finance company affiliate of commercial bank	11	1	12
Mortgage bank affiliate of commercial bank	1		1
Other affiliate of commercial bank	4	1	5
Commercial bank	2		2
Savings and loans, mutual savings bank, and their affiliates	4	1	5
Independent mortgage banks	4	2	6
Other or undetermined	1	2	3
Total	59	10	69

TABLE 2

NSMA MEMBER HOLDINGS OF SECOND MORTGAGES

Type of Information	Source of Data			
	Applications Only	Non-Computerized Questionnaires	Computerized Questionnaires	Total
I. Reported data				
A. Net second mortgage receivables outstanding (# of reporters)	$999 million (20)	$130 million (10)	$7,180 million (58)	$8,309 million (88)
A.* Gross second mortgage receivables outstanding (# of reporters)	$999 million (20)	$130 million (10)	$7,474 million (48)	$8,603 million (78)
B. Number of second mortgages outstanding (# of reporters)	64,552 (20)	40,383 (10)	1,541,049 (59)	1,605,994 (89)
C. Number of second mortgage extensions, 1980 (# of reporters)	32,077 (18)	25,811 (10)	1,088,372 (57)	1,146,260 (85)
D. Volume of second mortgage extensions, 1980 (# of reporters)	$595 million (18)	$ 95 million (10)	$4,862 million (56)	$5,552 million (84)
E. Number of foreclosures	114	22	461	597
II. Calcuated data				
A. Foreclosures as % of loans outstanding	0.18%	0.05%	0.03%	0.04%
B. Ratio of extensions to net outstandings	59.6%	73.1%	67.7%	66.8%
C. Average size of net loans outstandings	$15,476	$3,219	$4,659	$5,174

*Where application data did not specify whether outstandings were "net" or "gross", the data were included in both totals. Hence, there is very little difference in the two totals.

The average size of loan and loan outstandings figures could have been affected by the fact that many respondents did not specify whether they were reporting net or gross loans receivable. Seemingly, most firms reported the data on a "net" basis--without including unearned finance charges. In contrast, "gross outstandings" data include precomputed unearned finance charges in addition to the principle balance of loans outstanding. As a result, the typical respondent reported "gross" balances outstanding that were 34.5 percent larger than "net" outstandings. The discrepancy probably was much greater for new loan extensions. Since the discrepancy between net and gross balances in Table 2 is much less than 34.5 percent, it is likely that most firms reported net outstandings. Had most reported gross outstandings data on the NSMA applications, outstandings would have been considerably larger.

Respondents also reported the total amount of second mortgage extensions in 1980. Over 1.1 million loan extensions worth $5.5 billion were made during 1980.

Relative to the total number of loans outstanding, the rate of foreclosure on second mortgage loans was extremely low. Only 597 foreclosures were reported, equal to only 0.04 percent of the total loans outstanding at year-end 1980.

Table 3 provides more detail on second mortgage growth, extensions, and liquidations for the 59 respondents that provided relatively complete data on their questionnaires. This information shows that there was a wide range in the value of second mortgage loans held by NSMA respondents. The average holding was $125 million, and the median NSMA respondent held $20 million in its second mortgage portfolio.

The average size of second mortgage loan held per respondent was over $9,000, with a median value of nearly $12,000 per loan. On balance, most respondents reported that their loans had increased in average size from 1979-1980. For those respondents who reported both years, the average increase in loan size was approximately 11 percent. The 11 percent growth in value, coupled with a 21 percent growth in the number of loans outstanding, led to a 33 percent growth in the value of second mortgage loans held by respondents who reported data for both 1980 and 1979. Thus, growth in the second mortgage market was substantial from 1979 to 1980, albeit it was not as substantial as in previous years when growth rates exceeded 50 percent per annum.

Apparently the growth was achieved because loan sizes on new credit extensions increased to some extent while total extensions continued at a high level. Since extensions exceeded liquidations and the average size of loan was growing, NSMA member holdings of net receivables continued to grow even though the median number of extensions declined from 1979 to 1980. Some companies, particularly new companies, had extremely rapid growth in credit extensions and volume. However, the fact that the total number of loans originated declined at more than half of the reporting companies suggests that either a number of companies scaled back their lending activities or that there was a leveling off in the demand for second mortgage loans in 1980.

Respondents who provided data on their consumer business loans again indicated that most of their second mortgage loans were made to households. The average size of extensions reported by these respondents was approximately $13,000 per household while the average size of business

TABLE 3

SECOND MORTGAGE GROWTH, EXTENSIONS AND LIQUIDATIONS

	Low (in $1,000's)	High (in $1,000's)	Average (in $1,000's)	(#)*	Median (in dollars)	Total Reporters
Net receivables, total	$63	$1,334,444	$123,800	(58)	$20,566,000	58
Growth in value (%)	-80.3	+619.7	+71.1	(46)	+33.6	46
Growth in number (%)	-83.5	+568.6	+40.4	(45)	+21.3	47
Average Size, 1980	$0.5	$53.4	$9.525	(58)	$11,920	58
Average size, 1979	$1.3	$31.4	$8.918	(45)	$7,821	45
Change in size (%)	-79.4	+85.0	+10.7	(45)	+11.8	45
Extensions, total						
Growth in value (%)	-59.3	+725.8	+45.8	(44)	+6.6	44
Growth in number (%)	-87.3	+777.1	+23.5	(43)	-7.8	44
Average size, 1980	$1.3	$105.7	$17.1	(56)	$13,020	56
Average size, 1979	$1.4	$116.2	$14.1	(43)	$10,364	43
Change in size (%)	-97.1	+62.5	+14.9	(42)	+13.8	43
Percent of extensions made To households (%)	38.7	100 (16)	92.3	(24)	99.9	24
Average size of household extensions	$1	$37	$13.3	(40)	$13,254	40
Average size of business extensions	$1	$188	$47.2	(8)	$16,767	8
Ratio of new money to Total extensions (%)	34.9	100 (10)	81.6	(44)	86.3	44
Estimated liquidation Rates net accounts only (%)	23.4	85.6	50.5	(9)	44.6	11
Gross accounts only (%)	33.6	78.6	54.8	(9)	55.1	14
All lenders net (%)	6.8	95.1	50.6	(32)	44.8	46
All lenders, gross (%)	0.3	78.6	37.6	(29)	39.1	41
Estimated cash liquidation rates Net accounts only (%)	5.7	63.8	38.5	(7)	37.2	7
Gross accounts only (%)	27.3	96.9	52.4	(8)	47.4	10
All lenders, net (%)	5.7	97.7	41.7	(22)	35.6	32
All lenders, gross (%)	0.2	96.9	33.3	(21)	30.9	29

*This (#) refers to the number of reports used in calculating average. Often extreme values were thrown out. For instance, repayment ratios below zero and above 100 percent were discarded.

loan extensions was considerably larger, at $40,000 per second mortgage. The median size of business loan extensions, however, was closer to the median size of household extensions than the average values. This was so because the "average size" of business loan extensions was inflated by some lenders who made very large business related second mortgages.

There was a wide range in the proportion of total credit extensions that represented refinancing of existing debts. Most money extended on second mortgage loans by most lenders was new money. However, the median value of 86.3 percent for new money indicates that in 1980 refinancings accounted for 14 percent or more of second mortgage loan volume for at least half of the respondents to the survey.

Estimated liquidation rates on second mortgage loans were difficult to calculate because some companies entered into purchases and sales. If refinancings were ignored, it appeared that liquidation rates as a percentage of previous year's outstandings averaged 40 to 50 percent or more at most lenders. Because of the significant influence of refinancings, however, cash liquidation rates were somewhat lower, with average values ranging between 33 and 52 percent. Most commonly, cash liquidation rates fell in the 20 percent to 50 percent range.

The 1980 data indicate that a substantial number of NSMA members purchased or sold second mortgages during the year. The secondary market activity reported on the questionnaire is recorded in Table 4.

IV. Loan Terms

Loan terms apparently became somewhat more restrictive during the year. The median value of loan/equity ratios fell slightly and so did the median maturity of second mortgage loans reported. In addition, the highest reported value of loan-to-equity ratios declined while the

TABLE 4

SECONDARY MARKET ACTIVITY

	Purchases	Sales	Amount Serviced
Number of firms reporting such activity	16	15	8
Number of transactions			
Low	2	6	8
High	118,195	2,213	7,914
Average	15,122	489	2,392
Median	548	268	678
Dollar value of transactions			
Low	$36(000)	$120(000)	$87(000)
High	$250,848(000)	$126,188(000)	$59,356(000)
Average	$29,590(000)	$16,282(000)	$22,707(000)
Median	$4,996(000)	$4,580(000)	$8,989(000)
Average Size of Loans			
Low	$1,442*	$1,008	$4,444
High	$33,723*	$136,715	$32,630
Average	$13,676*	$26,676	$12,816
Median	$9,408*	$19,150	$10,399

*Three values ($607, $779, and $803) were discarded as being unrealistically low and one ($6,373,000) was discarded as being too high. These statistics were calculated from the 11 remaining values.

TABLE 5

LOAN MATUIRTY AND EQUITY REQUIREMENTS

Average Maturity		Average Loan To Equity Ratio	
Years	# Of Responses	Percentage Range	# of Responses
2 or less	3	below 60%	3
2+ to 4	5	60%-70%	5
4+ to 5	9	70%	3
5+ to 6	3	75%	11
6+ to 7	6	75%-80%	4
7+ to 8	3	80%	11
8+ to 9	6	85%	6
9+ to 10	8	90%	1
10+ to 12	2		
12+ to 15	1		
Lowest value (#)	18 mos. (1)	Lowest reasonable value	40% (1)
Highest value (#)	180 mos. (1)	Highest value	90% (1)
Average maturity	82 mos.	Average value	76%
Median maturity	80 mos.	Median value	75%
Number of respondents/ number used	46/46		44/42*

*Two values, (14 percent and 15.75 percent were excluded from the average value calculations).

NOTE: By way of comparison, in 1979 maturities ranged from 24 to 180 months, with an average of 81.3 months and a median of 84 months. Also in 1979, loan to equity ratios ranged from 40 percent to 95 percent, with an average of 75.2 percent and a median of 80 percent.

highest reported value for loan maturities did not increase at all (see Table 5 and its accompanying note).

V. Operating Statistics

NSMA members earned higher interest returns on their average receivables in 1980 than in 1979--in 1980 they earned 14.7 percent as a median return as opposed to a return of 13.8 percent in 1979. Also the highest return earned increased slightly from 26.4 to 28.3 percent. Similarly, the median total return on average receivables increased from 17.0 to 17.4 percent in 1980. However, because of (1) rising interest costs on borrowed funds, which rose from 10.75 percent to 11.8 percent on a median basis, and (2) the fact that second mortgage lenders were highly leveraged (with a median ratio of borrowings to receivables of 88 percent), the profitability of NSMA members declined to a 15 percent median return on average equity from the 20.1 percent level that prevailed in 1979. The return on average receivables was mixed--as average returns fell while the median return rose slightly (see Table 6).

VI. Delinquency and Foreclosure Statistics

In 1980 great effort was made to insure that the reported delinquency statistics, insofar as possible, applied only to second mortgage loans. In previous years lenders have reported deliquency statistics that applied to their full portfolio. In this year they were asked to indicate which data on the questionnaire applied to their full portfolio. If they indicated their delinquency statistics were not strictly for second mortgages, their responses were not considered. In addition, if visual checks of a respondent's total delinquency data indicated that they

TABLE 6

OPERATING STATISTICS FOR SECOND MORTGAGE LENDERS

	Low	High	Average	(#)	Median	Number of Reporters
Revenues received relative to Average receivables						
From interest only	2.9%	28.3%	15.1%	(27)	14.7%	28
From other sources only	0	100	10.7	(19)	1.37	20
Total	3.4%	82.9%	18.7%	(25)	17.4%	27
Pretax rate of return						
On equity	-41.8%	65.9%	19.0%	(17)	15.0%	19
On average receivables	-11.4%	+22.9%	+4.3%	(21)	3.1%	22
Leverage ratios						
Borrowing to receivables	0.4%	108.8%	68.7%	(19)	88.0%	21
Debt to equity	12.5%	4493.3%	902.2%	(18)	372.8%	18
Borrowing costs						
Interest paid/borrowings	7.7%	25.0%	12.72%	(19)	11.8%	21

did not correspond to their reported receivables on either a net or gross basis, those questionnaires were also deleted from the compilations. As a result, a relatively small number of reporters were included in these compilations, but the data are much more accurate than those that have been computed previously.

Overall, the reported delinquency statistics indicate that total delinquencies of 60 days or longer at second mortgage lenders were not substantial at yearend. The average delinquency rate reported was 2.48 percent of yearend outstandings--with a median delinquency rate of 1.42 percent. By way of comparison, delinquency rates reported by the Mortgage Bankers Association of America indicated that 60 day plus delinquencies on first mortgage loans at yearend 1980 averaged 1.48 percent (see Table 7).

When delinquency rates were computed from data on the number of delinquent accounts outstanding and the number of total loans held in each respondent's portfolio, the average delinquency rate was 2.6 percent and the median delinquency was 1.14 percent. These values corresponded quite closely to the delinquency rates calculated by dividing dollar balances delinquent at yearend by outstanding balances at yearend (see Table 8).

VII. Charge-off and Foreclosure Data

As a general rule foreclosures on second mortgage loans were extremely low. Median foreclosure and charge-off ratios both ranged from 0.1 to 0.2 percent of previous yearend receivables and

TABLE 7

REPORTED DELINQUENCY STATISTICS

(FOR SECOND MORTGAGE HOLDINGS ONLY)*

	Low (#)	High (#)	Average	Median	# Reporters/# Used
Balances delinquent					
60-89 days	0 (2)	3.2%	0.75%	0.47%	24 / 24
90-179 days	0 (3)	7.4	1.03	0.34	25 / 25
180-269 days	0 (8)	1.02**	0.15	0.08	20 / 19**
220 days and over	0 (9)	0.48%	0.12%	0.00%	17 / 17
Total Delinquencies of 60 days or longer	0 (1)	9.37%	2.48%	1.42%	23 / 23

*Data were considered only if respondents did not indicate that the delinquency data related to their full portfolio, rather than to second mortgages, per se. In addition, data were not considered if total current plus delinquent accounts substantially exceeded the net or gross outstanding balance figures reported by the respondent.

**A 9.37 percent value was not considered in this case, as it actually reflected "total" delinquencies.

TABLE 8

COMPUTED DELINQUENCY STATISTICS

(FOR SECOND MORTGAGE HOLDINGS ONLY)*

I. Delinquency Rates (based on dollar balances outstanding at year-end)**

	Low (#)	High (#)	Average	Median	# Reporters/# Used
60-89 days	0 (1)	3.20%(1)	0.71%	0.36%	24 / 24
90-179 days	0 (2)	7.40 (1)	1.00	0.33	24 / 24
180-269 days	0 (7)	9.40 (1)	0.63	0.12	19 / 19
270 days or more	0 (8)	0.50%(1)	0.11%	0.00%	16 / 16

II. Delinquency Rates (based on #'s of loans outstanding at year-end)

	Low (#)	High (#)	Average	Median	# Reporters/# Used
60-89 days	0 (2)	3.20%(1)	0.93%	0.58%	24 / 24
90-179 days	0 (3)	7.80 (1)	1.19	0.37	24 / 24
180-269 days	0 (8)	4.30 (1)	0.36	0.05	19 / 19
270 days and over	0 (9)	1.00%(1)	0.18%	0.01%	16 / 16
III. Total delinquencies of 60 days or longer (Based on # of loans)	0 (2)	11.4%(1)	2.60%***	1.14%	22 / 18****

*Data were considered only if respondents did not indicate that the delinquency data related to their full portfolios, rather than to their second mortgages, per se. In addition, data were not considered if total current plus delinquent accounts substanitally exceeded the net or gross outstanding balance figures reported by the respondent.

**Gross balances were used unless a respondent indicated that reported delinquency statistics applied to "net" balances past due.

*** Details do not add up to totals because there was a different number of respondents for some delinquency categories.

****Four values were deleted because they may have applied to inappropriate data (such as 90 day delinquencies or serviced loans).

previous yearend loan numbers. Average foreclosure and chargeoff rates were considerably higher--in the one to two percentage point range--because a few reporters seemingly charged off a large portion of their loan portfolios in 1980 (see Table 9).

Loan loss allowances appeared to be ample given the low rate of foreclosures experienced in 1980 (Table 10). The median loss allowance averaged one and one-half percent of the amount of gross outstandings and approximately two percent of the amount of net mortgage balances held by NSMA members. If foreclosure experience does not deteriorate in the future these loan loss allowances should not be seriously eroded.

VIII. Comparative Data for Different Lenders

There were sometimes substantial differences in the behavior of various lender groups in the second mortgage market. For instance, the data in Table 11 indicate that major differences existed in second mortgage growth at different types of firms. In particular, while all firms experienced substantial growth in second mortgage receivables outstanding, receivables at bank-affiliated finance companies experienced more rapid growth than average, while receivables at other finance companies generally grew more slowly than at other firms. The difference was particularly marked when one looks at growth in the number of new loan extensions. The median number of loans originated by nonbank finance companies declined sharply; thus most nonbank finance companies reported making substantially fewer loans in 1980 than in 1979. In contrast, most bank-affiliated finance companies (and, also depository institutions) made more second mortgage loans in 1980 than in 1979. In firms where the number of new loan extensions fell from 1979 to 1980,

TABLE 9

CHARGEOFF AND FORECLOSURE DATA

(DISTRIBUTIONS OF RESPONSES)

Percentage Ranges	Ratio of Chargeoffs to			Foreclosures As Percent of Previous Year's Loans			
Number of Responses Falling in Each Category	Average Receivables	Previous Yearend Receivables		Outstanding		Balances	
	($)	(Net)	(Gross)	(Number)		($)	
0	11	9	8	0	(13)	0	(13)
0.0 to 0.1	10	7	8	1		1	
0.1 to 0.2	7	8	8	7		4	
0.2 to 0.3	4	5	6	3		4	
0.3 to 0.4	2	2	1	3		3	
0.4 to 0.5		2	2	1		1	
0.5 to 0.6			1				
0.6 to 0.7	2	1				1	
0.7 to 0.8	2	1				1	
0.8 to 1.0				1		2	
1.0 to 1.2				2			
1.4 to 1.6			1	1		2	
1.6 to 1.8	1	1	2				
1.8 to 2.0	1						
2.0 to 2.5	1	1	1				
2.5 to 3.0	1	2		1			
3.0 to 3.5	1	1	1	1			
3.5 to 4.0	1			1		1	
4.0 to 4.5		2					
4.5 to 5.0	1		1	1			
5.0 to 6.0	2	1		1		1	
6.0 to 8.0						1	
8.0 to 10.0		1					
Over 10.0%	2	1	1	1		2	
Low (#)	0% (11)	0% (9)	0% (8)	0%	(13)	0%	(13)
High (#)	29.8 (1)	33.0	25.1(1)	11.6		33.3	
Average	1.8	1.6	1.1	1.0		1.8*	
Median	0.1%	0.1%	0.1%	0.1%		0.2%	
# of reporters/ # used	50/49	45/45	42/41	38/38		39/39	

*This mean equals 1.0 percent if the 33.3 percent figure is discarded.

TABLE 10

ALLOWANCES FOR LOAN LOSSES

(DISTRIBUTIONS OF RESPONSES)

	Loss Allowances As Percent of Loans Outstanding	
Value	Net Outstandings Number of Responses	Gross Outstandings Number of Responses
0	4	1
0-.5	4	5
.5-1.0	7	11
1.0-1.5	8	3
1.5-2.0	2	7
2.0-2.5	8	6
2.5-3.0	2	2
3.0-3.5	2	3
3.5-4.0	5	3
4.0-4.5	3	2
4.5-5.0		
5 - 6		
6 - 7		
7 - 8	2	
8 - 10		
Over 10	4	3
Median response value	1.95%	1.50%
Average values (after eliminating values over 10% and equal to zero)	2.21%	1.67%
Number of respondents/ Number used to calculate average	55/47	46/42

the total volume of second mortgage loans outstanding grew only because (1) growth occurred in the size of new loans relative to the size of older loans and (2) fewer loans were liquidated than were originated in 1980.

Additional data presented in Table 11 show that loan characteristics varied substantially among lenders. New loans made by finance companies (regardless of affiliation) generally were smaller than loans originated by mortgage bankers and depository institutions. Although outstanding loans held by depository institutions often were smaller than those held by other lenders, the average size of loan held by such institutions grew rapidly during the year--reflecting, in part, the previously mentioned tendency of depository institutions to make larger second mortgage loans than finance companies during 1980. Loan maturities varied substantially among lenders. Even though most finance companies made loans of similar size, bank-affiliated finance companies generally made longer maturity loans. However, mortgage bankers made second mortgage loans with the longest initial maturities, partially because they also made the largest loans. Nonetheless, depository institutions, which also made large loans, did not offer loan maturities nearly as long as those offered by mortgage bankers.

Additional data indicate that, in contrast with other characteristics, typical household equity requirements varied little among lenders. Also, while mortgage bankers and bank-affiliated finance companies were somewhat more likely than other lenders to make a significant amount of business-oriented second mortgage loans, nearly all second mortgage loans were made to households.

TABLE 11

COMPARATIVE DATA FOR DIFFERENT LENDERS

(MEDIAN RESPONSES)

Characteristic	Bank Affiliated Finance Companies	Other Finance Companies	Mortgage Bankers	Depository Institutions and their other Affiliates	All Respondents
Growth in:					
Loan balances	43.5%	23.3%	33.6%	32.5%	33.6%
Number of loans	21.2%	17.5%	24.2%	14.7%	21.3%
Number of loan extensions	3.3%	-18.2%	-7.8%	2.1%	-7.8%
Value of loan extensions	15.3%	-3.8%	14.4%	27.6%	6.6%
Loan characteristics					
Average size of loans outstanding, Net basis	$ 9,722	$ 9,285	$12,584	$ 7,731	$ 9,525
Growth in net loan sizes	8.5%	13.0%	31.6%	20.4%	11.8%
Average size of new loans	$12,309	$12,570	$16,345	$15,247	$13,020
Typical maturity	84 mo.	68 mo.	113.5 mo.	72 mo.	80 mo.
Typical loan/equity	75%	75%	79%	78%	75%
Percent loans to households	90.2%	99.9%	92.6%	100%	99.9%
Percentage of new money extended	83.8%	73.4%	93.8%	94.4%	86.3%
Loan liquidation rates					
Total liquidations, net basis	48.4%	74.9%	23.5%	36.6%	44.8%
Cash liquidations, net basis	25.7%	47.2%	23.5%	35.6%	35.6%
Revenues relative to avg. receivables					
Gross interest earned	13.7%	17.3%	12.1%	13.0%	14.7%
All other revenues	0.4%	0.6%	68.5%	1.4%	1.4%
Total revenues	17.6%	18.5%	82.9%	16.1%	17.4%
Pretax rate of return					
On equity	15.0%	12.7%	26.6%	12.6%	15.0%
On average receivables	3.1%	4.4%	8.0%	0.9%	3.1%
Leverage: ratio of debt to:					
Average receivables	89.4%	38.1%	96.0%	88.0%	88.0%
Equity	5.10:1	0.74:1	3.33:1	7.07:1	3.73:1
Borrowing costs					
Interest paid/avg. borrowings	12.2%	9.3%	16.9%	9.5%	11.8%
Delinquency rates reported					
60-90 days	0.47%	0.6%	N.A.	0.12%	0.50%
Total	1.24%	1.85%	N.A.	0.4%	1.45%
Foreclosures (% of previous year's loans outstanding (#))	0.4%	0.08%	3.7%	0.2%	0.09%

The percentage of new money extended on second mortgages varied widely among lenders. Refinancings generally accounted for a higher percentage of second mortgage loan extensions for finance companies than was the case for other lenders. Among finance companies, bank-affiliated finance companies' refinancings accounted for a lower proportion of new loan extensions (and new money cash outlays accounted for a higher proportion) than was the case with other finance companies.

Partially because of their high rate of refinancing, second mortgage loan liquidation rates were substantially higher at finance companies than at other lenders. Loan liquidation rates were lowest at mortgage bankers, which originated the longest maturity loans. After adjustment for refinancings, however, it appeared that cash liquidation rates at bank-affiliated finance companies (which had the second longest initial loan maturities) were only moderately higher than cash liquidation rates at mortgage bankers. Nonetheless, cash liquidation rates at other finance companies (with many close to 50 percent) were still relatively high--possibly because such lenders issued the shortest maturity loans.

Rates of return on average receivables varied widely among lenders. This was due, in part, to the fact that average receivables for mortgage bankers typically are quite low relative to the volume of mortgages they service. Thus, both service fees and total revenues were guite large relative to mortgage bankers' average receivables. Other lenders, however, typically received gross revenues equal to roughly 17 percent of their average receivables. Nonbank-affiliated finance companies generated the greatest amount of revenues relative to their receivables, mainly because their interest revenues were generally higher than other lenders.

However, rates of return on equity were not strongly correlated with the ratio of gross interest revenues to receivables. Possibly because they incurred higher collection costs, or lower total revenues on their typically smaller loans, finance companies not affiliated with banks earned a relatively low rate of return on equity, even though they had the highest ratios of gross revenues to average receivables. While not all firms were profitable in 1980, median rates of return were positive for all lender groups. Thus, most second mortgage lenders remained profitable in 1980.

Leverage ratios varied widely among lenders. Nonbank affiliated finance companies generally had the lowest ratios of debt to receivables and debt to equity. It is possible that many respondents reported only interest payments on long-term debt, as the typical ratio of interest paid to indebtedness appeared to be substantially below short-term interest rates prevailing in 1980. Because finance companies do not have access to low cost deposits, a low rate of interest payment on debt would be possible only if a finance company had previously issued long-term debt with low coupon rates. Depository institutions also reported low rates of interest payment; however, some may have included low-rate deposit sources in the debt computations. In contrast with finance companies and depository institutions, mortgage bankers reported paying relatively high rates of interest on their borrowed funds. This result suggests that a larger portion of their financing was obtained on a short-term basis.

Delinquency rates reported by second mortgage lenders of all types were generally low. Finance companies reported somewhat higher delinquencies than other lenders (and this fact could have raised their

collection costs and reduced their profits). However, the higher rate of loan delinquency at finance companies seemingly did not trigger a higher foreclosure rate. Reported foreclosures were extremely low at all lenders except mortgage bankers (who probably included foreclosures on serviced loans in their foreclosure statistics, thereby causing the ratio of foreclosures to owned outstanding balances to be overstated).

Overall, comparison of the second mortgage operations of different types of lenders indicates that different lenders take substantially different approaches to second mortgage lending. Loan growth, loan sizes, loan terms, loan revenues, refinancings, profitability, and delinquency experience all vary substantially among different types of lenders.

IX. Some Final Comments

It was possible to control for inappropriate data much better this year than in previous years. New questions were added to the questionnaires which asked respondents to indicate whether data applied to their full portfolio rather than to second mortgages only. Additional progress is needed in this regard, however, because not all respondents completed that portion of the questionnaire. It would be desirable therefore, to have two columns of data for every item of information, one of which applied to the respondent's full portfolio and one of which applied to the second mortgage loans only. In that way much cleaner data could be obtained on the behavior of second mortgage operations, *per se*.

Where data specific to second mortgage operations were provided (in section II of the questionnaire) it was possible to obtain data appropriate to second mortgages. This year only data from those

respondents who provided data specific to second mortgages were included in calculations of operating statistics. Similar adjustments allowed us to use delinquency data that were reported to apply only to second mortgages. As a result, those statistics should be more relevant than those presented in recent years (when it was difficult to ascertain which data applied to the full portfolio and which data applied only to second mortgages). Also, it was possible to obtain better estimates of liquidation rates this year because many respondents provided data that let us differentiate between net and gross extensions of second mortgage loans. Nonetheless, the net and gross reporting disparity still causes a certain amount of noncomparability among figures reported by various lenders. This is particularly apparent when one realizes that given the long maturity and relatively high interest rates of second mortgage loans, gross outstandings statistics typically are more than one-third larger than net figures reported by the same second mortgage lender.

All in all, considerable progress was made toward improving the quality of data this year but some additional refinements would still be desirable. Because of the improvement in data quality, though, it is possible to say with a greater degree of confidence than in the past that these statistics provide reliable estimates of the most common experiences of NSMA members who engaged in second mortgage lending in 1980.

APPENDIX A

The following questionnaire was used to survey NSMA members in 1981

JUN 0 1 1981

81
01-02

NATIONAL SECOND MORTGAGE ASSOCIATION
in cooperation with
CREDIT RESEARCH CENTER, PURDUE UNIVERSITY

FINANCIAL QUESTIONNAIRE

Identifying number of form: (Assigned by NSMA) 1 0 3 0
03 04 05 06

Type of Firm (check one)

☐ 1. Independent Finance Company
☐ 2. Independent Mortgage Banker
☐ 3. Commercial Bank
☐ 4. Finance Company Affiliate of Commercial Bank Holding Company
☐ 5. Mortgage Banking Affiliate of Commercial Bank Holding Company
☐ 6. Other Affiliate of Commercial Bank Holding Company
☐ 7. Other _____ (Describe)

(07)

This questionnaire applies to entities engaged in making loans secured principally by junior liens on real property.

Complete questionnaire and send to:

Dr. Richard L. Peterson
Senior Research Scholar
Credit Research Center
Krannert Graduate School of Management
Purdue University
West Lafayette, Indiana 47907

The responses to the questionnaires will be summarized by the staff of the Credit Research Center under the direction of Dr. Peterson and will remain confidential. Results will be reported to participants in a composit format.

Any questions regarding the completion of this questionnaire should be directed to Dr. Peterson at the above address or by telephone (317) 494-6173.

This questionnaire applies only to second mortgages. If second mortgages are only a portion of your portfolio but data is not readily available for just the second mortgage portion, report the requested data for the full portfolio and fill in the following blank. Responses to questions _____ _____ relate to our total portfolio.

The executive committee of the NSMA has resolved that responses to questions 1, 2, 3, and 20 are required for continued membership.

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NSMA QUESTIONNAIRE

Instructions:

1. In answering the questionnaire, show whole dollar figures. (Do not round to nearest thousand.)
2. See definitions at the end of the questionnaire. (Definitions follow Question 2).

The following information is for the fiscal year ended _____.
(specify date)
(08-13)

I. Volume Indicators (for Second Mortgage Lending)

	Number	Amount
1.(a) Net loans receivable outstanding and owned at end of fiscal year	(14-20)	(21-27)
plus (b) (If available), related unearned income	xxxxxxxxxx	(28-34)
equal (c) (If available) gross loans receivable outstanding and owned at end of fiscal year	xxxxxxxxxx	(35-41)
2. Net loans receivable outstanding that were serviced, but not owned, at end of fiscal year.	(42-49)	(50-56)

3. Volume of loans originated during the fiscal year

Number of Accounts	Net Balances Renewed	New Money	Total Originations
(57-63)	(64-70)	(71-77)	Card 2: (08-14)

4. Volume of loans purchased during the fiscal year	(15-21)	(22-28)
5. Volume of loans sold to other than affiliated company during the fiscal year	(29-35)	(36-42)
6. Average net loans receivable (based on average amount of receivables outstanding at beginning of each month ☐ (43), each quarter ☐ (43), or ☐ beginning and end of year--check one)	xxxxxxxxxx	(44-50)

NSMA QUESTIONNAIRE

II. Sources of funds and profitability

	Applicable to Second Mortgages only	Applicable to full Portfolio
7. Average borrowings during fiscal year (Based on average debt outstanding at beginning of each month ☐ (51) or each quarter ☐ (51) -- check one)	(52-58)	(59-65)
8. Average stockholders' equity during fiscal year (Based on average equity outstanding at beginning of each month ☐ (66) or each quarter ☐ (66) -- check one)	(67-78)	Card 3: (08-1
9. Interest expense for the fiscal year	(15-21)	(22-28)
10. Gross revenue for the fiscal year	(29-35)	(36-42)
a. Gross interest income	(43-48)	(49-54)
b. Mortgage servicing fee income	(55-60)	(61-66)
c. Origination fee on loans acquired for own account	(67-72)	(73-78)
d. Brokerage fee on loans held by others	(Card 4: 08-13)	(14-19)
e. Other fee income	(20-25)	(26-31)
f. Insurance and other non-fee revenue	(32-37)	(38-43)
11. Income before income taxes for the fiscal year	(44-50)	(51-56)

MEMO:

12. If any answers for 1. - 11. above applied to your full portfolio but not specifically to just your second mortgage loans, please estimate the percentage of your reported outstandings that consist of second mortgage loans. (57-59)

III. Operating policies

These data should be reported for the quarter ending with the end of the fiscal year shown on the previous page. The data reported should relate to originated loans only, not purchased loans.

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NSMA QUESTIONNAIRE

	Number	Volume
13. Number and dollar volume of loans originated for personal, family, or household purposes during quarter.	(60-64)	(65-71)
14. Number and dollar volume of loans originated for other than consumer purposes	(72-77)	Card 5 : (08-14)
15. Number and total dollar volume of loans originated during the quarter (should be equal to sum of #13 and #14)	(15-21)	(22-28)

16. With respect to consumer loans:

a. Average ratio of loan to appraised equity: _____% (29-35)

b. Average maturity: _____ months (36-42)

IV. Contractual Delinquencies and Charge-offs

17. Contractual Analysis (Based on terms in effect at statement date and applicable to precompute, add-on, discount, and interest bearing accounts)

	Number	Unpaid balances	% of related receivables outstanding
Accounts current and with instalments past due less than 60 days from due date	(43-49)	(50-56)	(57-60)
Accounts past due: 60 - 89 days	(61-67)	(68-74)	Card 6 : (08-11)
Accounts past due: 90-179 days	(12-18)	(19-25)	(26-32)
Accounts past due: 180-269 days	(33-39)	(40-46)	(47-53)
Accounts past due: 270 days or more	(54-60)	(61-67)	(68-74)
Total	Card 7 : (08-14)	(15-21)	(22-28)

18. Do reported delinquent balances include unearned finance charges?

☐ Yes (29) ☐ No (29)

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NSMA QUESTIONNAIRE

19.a. What portion of a full payment must be received in order that the payment be recognized as received in making the computation above? If less than 100% of full payment required, would this be true on consecutive payments or limited to just the most recent?

_____ _____

b. How many consecutive full payments must be received for the purpose of taking an account off the contractual list? _____

		Amount
20.	Foreclosures consummated during the fiscal year	
	a. Number _____ (36-42) b. Unpaid dollar balances on loans foreclosed	_____ (43-49)
21.	Gross charge-offs during fiscal year	_____ (50-56)
22.	Recoveries during fiscal year	_____ (57-63)
23.	Allowance for possible loan losses at end of fiscal year	_____ (64-70)

THANK YOU FOR YOUR COOPERATION. Comments and suggestions for improvement are welcome.

Definitions

Period - most recent fiscal year.

Net loans receivable - gross loans receivable less related unearned income.

(If available) - report related unearned income and gross loans receivable also.

Volume of new loans - gross loans receivable originated and purchased during period less related unearned income.

New money - amount of new money disbursed.

Net balances renewed - preexisting balances refinanced.

Average net loans receivable - sum of net loans receivable outstanding at beginning of each month (or quarter) during period divided by number of months (or quarters) in the fiscal year.

Average borrowings - sum of total borrowings outstanding at beginning of each month (or quarter) during period divided by number of months (or quarters) in the fiscal year.

Average stockholders equity - sum of stockholders' equity at beginning of each month (or quarter) during period divided by number of months (or quarters) in the fiscal year.

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NSMA QUESTIONNAIRE

Previous Year's Data

So we can better measure growth in loan volume and outstandings, please complete this page with data from your 1978 fiscal year.

The following information is for the fiscal year ended _____ (specify date).

(This should be the year preceding the fiscal year to which all previous data pertain.)

I. Volume Indicators (for Second Mortgage Lending)

	Number	Amount
1.(a) Net loans receivable outstanding and owned at end of fiscal year	Card 8: (14-20)	(21-27)
plus (b) (If available), related unearned income	xxxxxxxxxx	(28-34)
equal (c) (If available) gross loans receivable outstanding and owned at end of fiscal year	xxxxxxxxxx	(35-41)
2. Net loans receivable outstanding that were serviced, but not owned, at end of fiscal year.	(42-49)	(50-56)

3. Volume of loans originated during the fiscal year

Number of Accounts	Net Balances Renewed	New Money	Total Originations
(57-63)	(64-70)	(71-77)	Card 9: (08-14)

4. Volume of loans purchased during the fiscal year.	(15-21)	(22-28)
5. Volume of loans sold to other than affiliated company during the fiscal year	(29-35)	(36-42)
6. Average net loans receivable (based on average amount of receivables outstanding at beginning of each month ☐ (43), each quarter ☐ (43), or	xxxxxxxxxx	(44-50)

☐ beginning and end of year--check one)

PUBLICATIONS
CREDIT RESEARCH CENTER

MONOGRAPH No. 1: An Empirical Analysis of Retail Revolving Credit
MONOGRAPH No. 2: Credit Policies and Store Locations in Arkansas Border Cities: Merchant Reactions to a Ten Percent Finance Charge Ceiling
MONOGRAPH No. 3: Research Topics in Mortgage Markets: Proceedings of a Seminar
MONOGRAPH No. 4: An Economic Report on Consumer Lending in Texas
MONOGRAPH No. 5: Mortgage Banking 1963 to 1972: A Financial Intermediary in Transition
MONOGRAPH No. 6: A Thesaurus of Terms in Mortgage and Consumer Credit
MONOGRAPH No. 7: A Bibliography of Consumer Financial Services and Regulation
MONOGRAPH No. 8: A Compilation of Federal and State Laws Regulating Consumer Financial Services
MONOGRAPH No. 10: The Impact of Regulation on the Provision of Consumer Financial Services by Depository Institutions: Research Backgrounds and Needs
MONOGRAPH No. 12: Cost/Benefit Analysis of Creditors' Remedies
MONOGRAPH No. 13: Consumer Perception of Credit Insurance on Retail Purchases
MONOGRAPH No. 14: An Economic Analysis of the "Due On Sale" Clause in the California Mortgage Market
MONOGRAPH No. 15: Credit Unions: CRC 1979 Creditors Survey
MONOGRAPH No. 16: Savings and Loan Associations: CRC 1979 Creditors Survey
MONOGRAPH No. 17: Commercial Banks: CRC 1979 Creditors Survey
MONOGRAPH No. 18: Consumer Finance Companies: CRC 1979 Creditors Survey
MONOGRAPH No. 19: Retailers: CRC 1979 Creditors Survey
MONOGRAPH No. 20: Sales Finance Companies: CRC 1979 Creditors Survey
MONOGRAPH No. 21: Consumer Financial Data Sources
MONOGRAPH No. 22: CRC 1979 Consumer Financial Survey
MONOGRAPH No. 23: Consumer Bankruptcy Study, Volume 1, Consumers' Right to Bankruptcy Origins and Effects
WORKING PAPER No. 1: The Use of Department Store Revolving Credit: Account Use Patterns, Customer Profitability, the Value of Revolving Credit, and the Probable Incidence of Credit Rationing
WORKING PAPER No. 2: EFTS and Consumer Credit (Revised)
WORKING PAPER No. 3: The Impact of General Credit Restraint on Consumer Instalment Credit Flows
WORKING PAPER No. 4: The Effect of Alternative Billing Methods Upon Retail Revolving Credit Yields
WORKING PAPER No. 5: Delinquency Rates on Consumer and Mortgage Debt: Their Determinants and Impact
WORKING PAPER No. 6: Determinants of Commercial Bank Automobile Loan Rates
WORKING PAPER No. 7: Personal Loan Cash Flows at Finance Companies
WORKING PAPER No. 8: Discrimination on the Basis of Sex Under the Equal Credit Opportunity Act
WORKING PAPER No. 9: Competition Between Banks and Finance Companies: A Cross Section Study of Personal Loan Debtors
WORKING PAPER No. 10: Regulatory Influences on Commercial Bank Personal Loan Rates
WORKING PAPER No. 11: Commercial Bank Consumer Loan Refinancings
WORKING PAPER No. 12: The Impact of Restricted Creditors' Remedies on Automobile Finance Companies in Wisconsin
WORKING PAPER No. 13: Changes in Finance Personal Loan Policies Following Enactment of the Wisconsin Consumer Act
WORKING PAPER No. 14: Creditor Remedy Restrictions and Interstate Differences in Personal Loan Rates and Availability: A Supplementary Analysis
WORKING PAPER No. 15: The Impact of Creditors' Remedies on Consumer Loan Charges
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WORKING PAPER No. 35: Restrictive Effects of Rate Ceilings on Consumer Choice: The Massachusetts Experience
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WORKING PAPER No. 41: Cost and Benefits of Restrictions on Creditor's Remedies
WORKING PAPER No. 42: Consumer Use of Mortgage Credit
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REPRINT No. 3: William C. Dunkelberg and Robert H. Smiley, "Subsidies in the Use of Revolving Credit," *Money, Credit, and Banking*, November 1975
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